

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6784

BILL NUMBER: SB 213

NOTE PREPARED: Jan 1, 2008

BILL AMENDED:

SUBJECT: Regional Sewer Districts.

FIRST AUTHOR: Sen. Young R

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides that a regional sewer district that serves not more than 125 customers may (1) recover a penalty of 10% from a user or an owner of property served by the district's sewage works if rates or charges assessed by the district are not paid within 30 days after they become due; and (2) require that a water utility providing water service to a delinquent user discontinue service until payment of all overdue rates or charges, along with any penalties, are received by the district.

Effective Date: July 1, 2008.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: The bill applies to regional sewage districts that serve not more than 125 customers. There are 90 districts. Very few districts serve fewer than 125 customers. The number of customers within districts that serve fewer than 125 customers that would not pay charges is unknown, but not expected to be great. Because the number of districts to which the bill would apply is limited, the statewide impact of the provision is not expected to be significant. However, the bill could increase administrative expenses for the district or districts to which it would apply. (Administrative duties required by the bill are outlined below.) Expenses that will be incurred by local districts will depend on the number and nature of delinquent bills that arise. The specific impact is indeterminable.

The bill provides that if rates or charges are not paid within 30 days after they become due, the board must send notice to the delinquent user stating the delinquent amount with any penalty. The notice must also state

that water service may be disconnected and the procedure for resolving disputed bills. The board must provide by ordinance a procedure for resolving disputed bills that includes an opportunity for a delinquent user to meet informally with designated personnel empowered to correct incorrect charges. Payment of a disputed bill and penalties by a user does not constitute a waiver of rights to subsequently claim and recover from the district sums improperly charged to the user. If the user fails to pay the delinquent amount or fails to resolve charges, the board must give written notice to the water utility serving the user to discontinue water service until notified otherwise. The notice must identify the delinquent user in enough detail to enable the water utility to identify the water service connection that is to be terminated. Upon receipt of the notice, the water utility must disconnect water service.

Water service may not be shut off if a local board of health has found and certified to the district that the termination of water service will endanger the health of the user and others in the district.

The water utility that discontinues water service does not incur any liability. If the water utility does not discontinue service within 30 days after receiving notice from the district, the water utility is liable for any sewer rates or charges that are incurred 30 days after the water utility's receipt of notice. A delinquent user may have the property disconnected from the district's sewers.

Explanation of Local Revenues: The bill provides that if rates or charges are not paid within 30 days after they become due, the amount, together with a 10% penalty and a reasonable attorney's fee, may be recovered by the board in a civil action in the name of the district from the delinquent user or owner of the property served by the district's sewage works. The board may require that a water utility providing water service to a delinquent user discontinue service until payment of all overdue rates or charges, together with any penalties, are received by the district. The amount of revenue that will be generated will depend on the number and nature of delinquent bills that arise, penalties assessed, and collections. Because the bill will apply to very few districts, the revenue generated is not expected to be great.

State Agencies Affected:

Local Agencies Affected: Regional sewer districts.

Information Sources: Sandra Flum, IDEM, 233-9479; <http://www.irsda.org/RSD-base.pdf>

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.